MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2018/2019

BAC 1824 – MANAGERIAL ACCOUNTING 1

(All sections / Groups)

6 March 2019
9.00 a.m. – 11.00 a.m.
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This paper consists of 7 pages excluding cover page with **2 Sections** only.

2. **Section A**: **Twenty (20)** Multiple Choice Questions.
   Section B: **THREE (3)** Structured Questions.
   Answer **ALL** questions.

3. All questions carry equal marks and the distribution of marks for each question is given.

4. Please write all your answers in the Answer Booklet provided.

SECTION A: 20 MULTIPLE CHOICE QUESTIONS [40 MARKS]

1. Managerial accounting information is generally prepared for _____.
   a. stockholders.
   b. creditors.
   c. managers.
   d. regulatory agencies.

2. Which of the following is not a management function?
   a. Constraining
   b. Planning
   c. Controlling
   d. Directing

3. Which one of the following would not be classified as manufacturing overhead?
   a. Indirect labor
   b. Direct materials
   c. Insurance on factory building
   d. Indirect materials

4. The product cost that is most difficult to associate with a product is _____.
   a. direct materials.
   b. direct labor.
   c. manufacturing overhead.
   d. advertising.

5. The two basic types of cost accounting systems are _____.
   a. job order and job accumulation systems.
   b. job order and process cost systems.
   c. process cost and batch systems.
   d. job order and batch systems.

6. Which of the following would be accounted for using a job order cost system?
   a. The production of personal computers.
   b. The production of automobiles.
   c. The refining of petroleum.
   d. The construction of a new campus building.

7. Process costing is used when _____.
   a. the production process is continuous.
   b. production is aimed at filling a specific customer order.
   c. dissimilar products are involved.
   d. costs are to be assigned to specific jobs.

Continued...

8. Which of the following manufacturing cost elements occurs in a process cost system?
   a. Direct materials.
   b. Direct labor.
   c. Manufacturing overhead.
   d. All of these.

9. A mixed cost contains _____.
   a. a variable element and a fixed element.
   b. both selling and administrative costs.
   c. both retailing and manufacturing costs.
   d. both operating and nonoperating costs.

10. Contribution margin _____.
   a. is always the same as gross profit margin.
   b. excludes variable selling costs from its calculation.
   c. is calculated by subtracting total manufacturing costs per unit from sales revenue per unit.
   d. equals sales revenue minus variable costs.

11. Alvarez Company is considering the following alternatives:

	Alternative A	Alternative B
Revenues	RM50,000	RM60,000
Variable costs	30,000	30,000
Fixed costs	10,000	16,000

What is the incremental profit?
   a. RM10,000
   b. RM0
   c. RM6,000
   d. RM4,000

12. Incremental analysis is most useful _____.
   a. in developing relevant information for management decisions.
   b. in choosing between capital budgeting methods.
   c. in evaluating the master budget.
   d. as a replacement technique for variance analysis.

13. A budget _____.
   a. is a substitute for management.
   b. is an aid to management.
   c. can operate or enforce itself.
   d. is the responsibility of the accounting department.

Continued...

14. If budgets are to be effective, there must be _____.
    a. a history of successful operations.
    b. independent verification of budget goals.
    c. an organizational structure with clearly defined lines of authority and responsibility.
    d. excess plant capacity.

15. Budget reports should be prepared _____.
    a. daily.
    b. monthly.
    c. weekly.
    d. as frequently as needed.

16. The flexible budget _____.
    a. is prepared before the master budget.
    b. is relevant both within and outside the relevant range.
    c. eliminates the need for a master budget.
    d. is a series of static budgets at different levels of activity.

17. A static budget is appropriate for _____.
    a. variable overhead costs.
    b. direct materials costs.
    c. fixed overhead costs.
    d. None of these answers are correct.

18. Which of the following statements about standard costs is false?
    a. Properly set standards should promote efficiency.
    b. Standard costs facilitate management planning.
    c. Standards should not be used in "management by exception."
    d. Standard costs can simplify the costing of inventories.

19. Which of the following statements is true?
    a. Variances are the differences between total actual costs and total standard costs.
    b. When actual costs exceed standard costs, the variance is favorable.
    c. An unfavorable variance results when actual costs are decreasing but standards are not changed.
    d. All of the above are true.

20. Which of the following is not an internal user?
    a. Creditor
    b. Department manager
    c. Controller
    d. Treasurer

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SECTION B : 3 STRUCTURED QUESTIONS [60 Marks]

QUESTION 1

Part A

Kavin Delivery Service reports the following costs and expenses in June 2018.

Indirect materials	RM 8,400	Driver's salaries	RM17,000
Depreciation on delivery equipment	11,200	Advertising	5,100
Dispatcher's salary	5,000	Delivery equipment repairs	300
Property taxes on office building	870	Office supplies	650
CEO's salary	12,000	Office utilities	2,490
Gas and oil for delivery trucks	3,200	Repairs on office equipment	180

Required

1. Determine the total amount of delivery service (product) costs. (5 marks)
2. Compute the period costs. (5 marks)

Part B

In the month of September, Megat Industries sold 800 units of a product. The average sales price was RM30. During the month, fixed costs were RM6,300 and variable costs were 70% of sales.

Required:

1. Determine the contribution margin in total, per unit, and as a ratio. (6 marks)
2. Compute the break-even point in ringgits and in units, using the contribution margin technique. (2 marks)
3. Compute the margin of safety in ringgits and as a ratio. (2 marks)

[Total: 20 marks]

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QUESTION 2

Cheng Chai Yue Electronics Bhd is a producer of electronic device and had drawn up a budget for the second quarter of 2018. The company believes it will normally operate within the range of 5,000 to 7,000 units per quarter.

	RM
Variable costs per unit	
Indirect materials	3.30
Indirect labour	4.20
Manufacturing overheads	8.20
Maintenance	3.60
Fixed costs per quarter	
Depreciation	6,000
Property taxes	500

During the second quarter of 2018, the actual production was 5,800 units.

Costs incurred were as follows:

	RM
Indirect materials	19,950
Indirect labour	25,800
Manufacturing overheads	47,620
Maintenance	20,700
Depreciation	6,000
Property taxes	500

Required:

a) Prepare a flexible budget report for the second quarter of 2018 and indicate the variances that arise. (16 marks)

b) List **FOUR (4)** benefits of budgeting. (4 marks)

[Total: 20 marks]

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QUESTION 3

Part A

Armin Dental Clinic is a medium-sized dental service specializing in family dental care. The clinic is currently preparing the master budget for the first 2 quarters of 2018. The following information has been collected from other portions of the master budget and elsewhere.

Beginning cash balance	RM30,000
Required minimum cash balance	RM25,000
Payment of income taxes (2nd quarter)	RM4,000
Professional salaries:	
1st quarter	RM140,000
2nd quarter	RM140,000
Interest from investments (2nd quarter)	RM7,000
Overhead costs:	
1st quarter	RM77,000
2nd quarter	RM100,000
Selling and admin costs, including RM2,000 depreciation:	
1st quarter	RM50,000
2nd quarter	RM70,000
Purchase of equipment (2nd quarter)	RM50,000
Sales of equipment (1st quarter)	RM12,000
Collection from patients:	
1st quarter	RM235,000
2nd quarter	RM380,000
Interest payments (2nd quarter)	RM200

Required:
Prepare a cash budget for each of the first two quarters of 2018. (15 marks)

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Part B

Tahir Berhad produces several models of clocks. An outside supplier has offered to produce the commercial clocks for Tahir for RM420 each. Tahir needs 1,200 clocks annually. Tahir has provided the following unit costs for its commercial clocks:

Direct materials	RM100
Direct labor	140
Variable overhead	80
Fixed overhead (40% avoidable)	150

Required
Prepare an incremental analysis which shows the effect of the make-or-buy decision.
(5 marks)

[Total: 20 marks]

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